USDA
United States Department of Agriculture
Rural Development
Rural Business–Cooperative Service • Rural Housing Service • Rural Utilities Service
Washington, DC 20250

September 12, 1997

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

To whom it may concern:

The Rural Utilities Service (RUS) hereby reports *ex parte* representations to members of the Federal Communications Commission (Commission) staff on September 8, 1997, at Commission offices at 2100 M Street. The meeting was open to the public and is one of a series of regular weekly meetings being held by Commission staff to analyze cost models as they relate to universal service support (CC Docket Nos. 96-45 and 97-160). The focus of the meeting was customer location.

A list of attendees for the meeting is enclosed. We obtained this list from Mr. Charles Keller of the Commission.

RUS representatives took part in the discussion concerning validation of customer location processes of the models. The RUS supported validation of models' customer location processes separately from plant design because errors in each could cancel making the model look more accurate than it is. The RUS has previously suggested in Comments that models be constructed so as to accept real data (geocoded customer locations, for example) when it becomes available. It was generally recognized by those at the meeting that accurate customer location will be available soon but not before the support mechanism for non-rural LECs must be operational. RUS representatives recommended that the Commission set as a priority the development of geocoded household information where they are most needed: in low density census blocks that are large (such as those in excess of 9 square miles with less than 10 households per square mile). The RUS suggested that support could eventually be made conditional on the Eligible Telecommunications Carriers providing accurate geocodes for all rural customers and unserved households.

The RUS noted that a weakness of existing subscriber surveys is that they ignore currently unserved households.

The Commission should establish objective measures of a model's assumptions which affect its ability to estimate customer locations. Subjective measures such as visual overlay comparisons, while not ideal, will identify poor performers. Objective measures such as the statistical profile of dispersion have been suggested by others.

Whatever objective measures are chosen, it must be recognized that the process set in motion at this meeting is only an initial evaluation of a model's ability to estimate customer location. Once a model has been selected, evaluation should continue to make sure it works in the real world.

Since it is recognized that the models are only estimating customer locations, LECs who can provide better information than that assumed by the model should be able to do so. For example, a LEC might research its area and provide survey information which shows that the model's estimate of clustering or dispersion are inaccurate. Until such time as universal geocoding of households makes estimating customer locations moot, the model should be flexible enough to operate on the best information available.

When the Commission stated its interest in finding exchanges to use for validation of the customer location processes of the models, the RUS volunteered to assist. Specifically, the RUS can very quickly obtain exchange maps which would accurately show the location of every customer. The RUS also has statistical information about these exchanges, such as route mileage and density per route mile, which other LECs may not have. An interesting aspect of the RUS data is that neither model sponsor would have access to it, so both would be running their models blindly, to be compared ultimately with objective, audited customer information. The Commission declined to use the RUS data because it is rural LEC data, and the Commission is developing a model at this time for use only with non-rural LECs. The RUS argued that the same rural characteristics exist in areas served by rural and non-rural LECs, and that an evaluation of the non-rural LEC proxy model using rural LEC data would be useful.

RUS appreciates the opportunity to attend these weekly meetings.

Sincerely,

ORREN E. CAMERON III
Director
Telecommunications Standards Division

Enclosure

cc: Charles Keller, FCC
Robert Loube, FCC
Richard N. Clarke, AT&T
Glenn Brown, US WEST
Rowland L. Curry, Texas PUC

From: Charles Keller
To: proponents
Date: ~~9/9/97~~ 11:20am 9/8/97 OCC
Subject: meeting roll

Mike Lieberman, ATT
Chris Antis, PNR
Emily Hoffnar, FCC
Whit Jordan, Bsouth
C. Anthony Bush, FCC
Glenn Brown, USW
Warren Hannah, Sprint
Brian Staihr, Sprint
Pamela Fusting, NTCA
Chris Frentrup, MCI
Brad Wimmer, FCC
Bill Sharkey, FCC
Rich Clarke, ATT
D. Mark Kennet
Chuck Keller, FCC
Ed Barber, Batlantic
John Huslig, RUS
Ed Cameron, RUS
Gary Allan, RUS
Scott Randolph, GTE
Bob Loube, FCC
Julie Rones, DC-OPC
David Porter, Worldcom
PHONE:
Joe Ebs, Tad Burnet, GTE
Glen Sims, John Schrotenboer, SBC
Charlie Bolle, SDPUC
Rowland Curry, TX PUC
Ann Dean, MD PSC
Barry Payne, Ind. Ofc. of People's Counsel
Brian Roberts, CA PUC